# RV BUSINESS

C8150-2

VOLUME 42, NUMBER 18 FEBRUARY 1992

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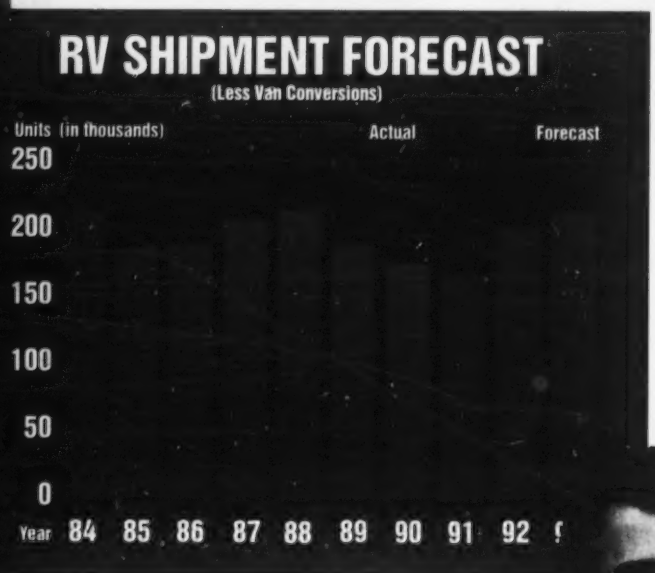


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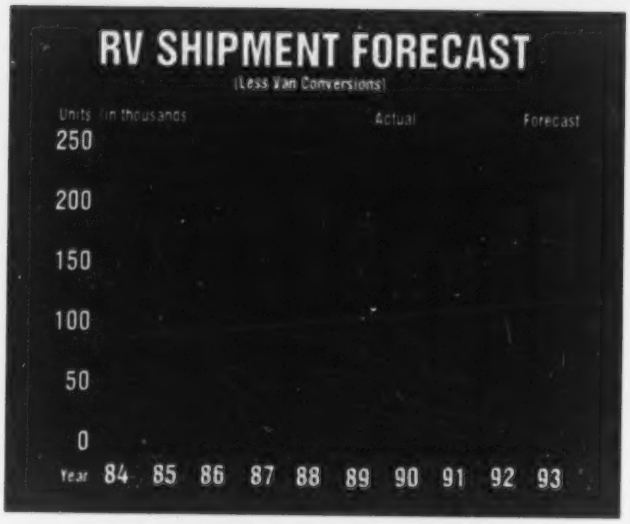
# '93 Shipments Forecast to Match '88 High

Annual RV shipments, less van conversions, are forecast to grow to some 221,400 units by 1993, or very close to the previous high point of the last decade: 223,100 shipments in 1988. This scenario is the upbeat prediction of John DeWolf, economic consultant to RVIA, in his final quarterly forecast of 1991.




Specifically, DeWolf foresees the pickup that began in mid-1991 pushing '91 shipments to 172,400, just 4.4% behind '90. Then 1992 is projected to record a 20% or slightly higher gain to reach 207,600 units, followed by a 6%-7% shipments increase during 1993.

Shipments of towables are expected to lead the upswing, finishing 1991 ahead by 400 units or so, and then to leap forward by 18% in 1992 and 5%-6% in 1993. Motorhome shipments for 1991, in contrast, will lag 1990's level by a big 16%. But motorhomes will then pick up their pace for a 28% increase in 1992 and almost a 9% rise in 1993.

In detail, Class A motorhomes will go from 24,500 shipments in 1991, to 32,700 units in '92 to 36,100 units in '93, although they will trail their 1988 peak of 41,500. Class C's will improve from 15,700 shipments in 1991 to 20,000 units in 1993 but will still be lagging considerably behind the level of 26,200 shipped in 1988.

Folding camping trailers are forecast to rise to 32,700 shipments in 1991, followed by 37,400 units in '92 and 40,600 in '93, placing these units far above their 30,700-unit low in 1990. Travel trailers (conventional, fifth-wheel and park) will dip slightly to 86,000 shipments in 1991 and then rebound to 107,700 units by 1993.

Truck-camper shipments are expected to rise 1% to 9,800 units for 1991, and then to grow 14% this year and another 7% next year.

Van conversions are showing signs of recovery at last, and they are predicted to head for an all-time high of 206,000 units shipped in 1993, ahead even of the 204,200 units of the previous 1988 peak. Conversions will be starting off in the hole, down to 134,000 shipments in 1991, or 23% behind 1990. But 1992 will see a 35% increase, followed by another 14% gain in '93. Δ

# Motorhome-Chassis Makers Predict '92 Upturn

Motorhome-chassis makers are predicting a market upturn this year, based on better-than-expected orders and a rebound in the economy.

"Everybody came back from last year's Louisville Show more positive than when they went in," remarked Jerome Mittman, RV sales manager for Ford Motor Co., Dearborn, Mich. "The new-vehicle order situation is better than anticipated."

"The Louisville Show was better than most people expected," concurred Jim Green, General Motors Corp.'s Chevrolet Motor Division assistant RV sales manager in Warren, Mich. He cited booming exports as a particularly bright spot.

Both GM and Ford also anticipate the economy as a whole to rebound by the second half of 1992, further supporting RV demand. Their outlook is backed by chassis makers outside Detroit, too. "We're optimistic that many of the current recessionary fears will be resolved by spring," agreed Al Castrodale, director of marketing, sales and service for Oshkosh Truck Corp., Oshkosh, Wis. "All the fundamentals (for the motorhome market) are favorable to a further upturn."

> "We're optimistic recessionary fears will be resolved by spring."

And motorhome makers generally concurred with those readings. "We're very optimistic, with a degree of caution," said Bill Toy, sales director for Riverside, Calif.-based Fleetwood Enterprises Inc.'s Motor Home Division. "With interest rates where they are, there's really no reason why there shouldn't be an upturn. There will definitely be an upturn in shipments because dealer inventories are so low that, if the retail business is what we think it will be, it will motivate them to stock up."

Overall, RV-industry officials foresee 30,000 Class A shipments this year, slightly ahead of 1990's 29,000 units and significantly better than the 25,000 Class A's shipped in calendar 1991, according to manufacturers' estimates. Most of the 1991 decline occurred during the first quarter's Mideast War, with the market improving since then.

Within the chassis market, Ford expects to continue gaining ground with its Super

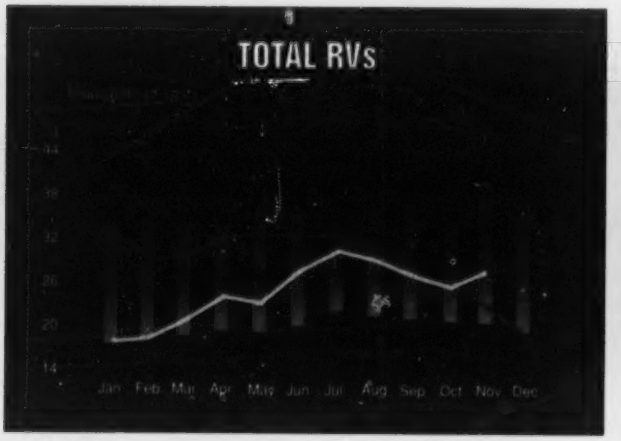



Figure 1

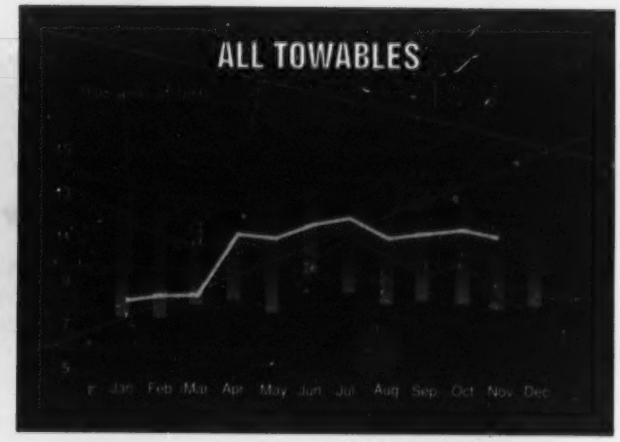



Figure 2

1981-90 Shipments Range
1990 Monthly Shipments
1991 Monthly Shipments

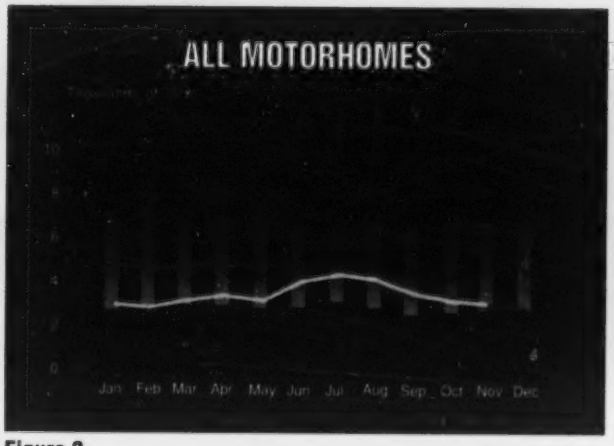



Figure 3

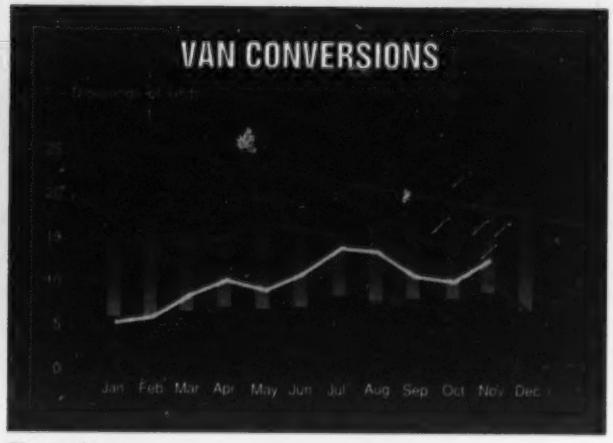



Figure 4

**ANNUAL & MONTHLY COMPARISONS OF SHIPMENTS**

| Type of Units | Nov. '91 | % Change From Oct. '91 | % Change From Nov. '90 | Year-to-Date 1991 | % Change From '90 | % Market Share '91 |
|---|---|---|---|---|---|---|
| TOTAL RVs | 27,880 | 6.7 | 21.6 | 276,560 | -16.5 | 100.00 |
| Travel Trailers: | | | | | | |
| Conventional | 4,290 | 1.4 | 20.0 | 45,790 | -4.6 | 16.56 |
| Park Models | 690 | 13.5 | 20.4 | 6,390 | -3.5 | 2.31 |
| Fifth-wheels | 2,560 | -4.5 | 18.5 | 26,290 | 0.8 | 9.51 |
| All Travel Trailers | 7,530 | 0.3 | 19.6 | 78,460 | -2.7 | 28.37 |
| Folding Camping Trailers | 3,070 | -9.5 | 59.0 | 31,200 | 8.2 | 11.28 |
| Truck Campers | 630 | -30.0 | 0.0 | 8,740 | -2.2 | 3.16 |
| TOTAL TOWABLES | 11,230 | -4.8 | 26.8 | 118,410 | -0.1 | 42.81 |
| Motorhomes: | | | | | | |
| Class A | 1,860 | -7.8 | 13.5 | 21,750 | -19.8 | 7.86 |
| Class B | 230 | 2.5 | -50.4 | 3,270 | -39.7 | 1.18 |
| Class C | | | | | | |
| Minis | 1,080 | 4.8 | 33.3 | 12,030 | -4.5 | 4.35 |
| Low-profiles | 0 | 0.0 | 0.0 | 420 | -13.5 | 0.15 |
| Micro-minis | 270 | 48.2 | 0.0 | 2,030 | -34.5 | 0.73 |
| Class C Total | 1,350 | 11.4 | 25.1 | 14,470 | -10.5 | 5.23 |
| TOTAL MOTORHOMES | 3,440 | -0.4 | 8.2 | 39,490 | -18.9 | 14.28 |
| Multiuse Van Conversions | 13,200 | 21.4 | 21.2 | 118,660 | -27.6 | 42.91 |

## Conversions Lead November Shipments

For November 1991, shipments as reported by RVIA and then seasonally adjusted, showed RVs on a growth path, up from the previous month and from November 1990. Van conversions led the climb, with shipments considerably ahead of both October '91 (21.4%) and November 1990 (21.2%). Towables were down from October 1991 by 4.8% but up from November 1990 by 26.8%. Motorhomes, down 0.4% from October, remained ahead of November '90 by 8.2%. (See Figures 1-4 and table.) While RV shipments year-to-date were 16.5% behind 1990, this was a narrowing from August's 23.2% year-to-date gap. Δ

*Statistical data is supplied by Morton J. Marcus, director of the Indiana Business Research Center at Indiana University School of Business and a member of the faculty.*

# October '91 Sales Underscore Rebound

**East North Central:** Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast:** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific:** Alaska, California, Oregon, Washington, Hawaii; **South Atlantic:** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central:** Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

Good news greeted the RV industry with the retail sales figures for October 1991, which verified a continued comeback in market activity.

While the RV-trailer market year-to-date was off by 6,737 units, or 6.82%, compared with the first 10 months of 1990, there was a clear improvement on the 8.2% year-to-date deficit recorded in September. In fact, October's RV-trailer sales were actually up by 407 units, or 6.5%, over October 1990.

Motorhome sales were down 20.9% for the year-to-date as of October 1991—yet, again, that was a narrowing of the 23.1% cumulative gap from the preceding month. And for the month of October, the motorhome market was off by just 100 units, or 3.47%, compared with October 1990.

Overall, sales figures showed that RV markets had rebounded by more than 50% from their low point in the spring of 1991. That is especially refreshing since such improved retail numbers indicate stronger wholesale shipments to come.

*Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.*

Regional retail sales for October 1991 are described in figures 1-4, which rank seven regions of the nation based on their performance. Δ—*Thomas Walworth*

**RV TRAILERS, OCTOBER '91**

| Oct. '91 Rank | Region | % of Change from Oct. '90 | Sept. '91 Rank |
|---|---|---|---|
| 1 | W.N. Central | 21.2 | 1 |
| 2 | South Central | 21.0 | 2 |
| 3 | Northeast | 8.6 | 4 |
| 4 | E.N. Central | 8.2 | 3 |
| 5 | Mountain | 3.4 | 5 |
| 6 | Pacific | -1.8 | 7 |
| 7 | South Atlantic | -3.0 | 6 |

**Figure 1**

**RV TRAILERS, YEAR-TO-DATE**

| Oct. '91 Rank | Region | % of Change Year-to-Date | Sept. '91 Rank |
|---|---|---|---|
| 1 | W.N. Central | 2.8 | 1 |
| 2 | E.N. Central | .7 | 2 |
| 3 | Mountain | -6.0 | 3 |
| 4 | S. Central | -6.4 | 4 |
| 5 | Pacific | -9.1 | 5 |
| 6 | S. Atlantic | -10.6 | 6 |
| 7 | Northeast | -15.0 | 7 |

**Figure 2**

**MOTORHOMES, OCTOBER '91**

| Oct. '91 Rank | Region | % of Change from Oct. '90 | Sept. '91 Rank |
|---|---|---|---|
| 1 | Pacific | 14.5 | 2 |
| 2 | W.N. Central | -1.9 | 1 |
| 3 | E.N. Central | -9.8 | 7 |
| 4 | S. Central | -9.9 | 4 |
| 5 | S. Atlantic | -13.6 | 6 |
| 6 | Mountain | -17.7 | 3 |
| 7 | Northeast | -18.8 | 5 |

**Figure 3**

**MOTORHOMES, YEAR-TO-DATE**

| Oct. '91 Rank | Region | % of Change Year-to-Date | Sept. '91 Rank |
|---|---|---|---|
| 1 | Pacific | -14.4 | 1 |
| 2 | W.N. Central | -16.1 | 2 |
| 3 | Mountain | -19.9 | 3 |
| 4 | E.N. Central | -20.4 | 4 |
| 5 | S. Central | -21.4 | 5 |
| 6 | S. Atlantic | -30.5 | 6 |
| 7 | Northeast | -30.9 | 7 |

**Figure 4**

# Dealer Survey Reveals Upbeat Outlook

An informal survey of 100 dealers interviewed during the National RV Trade Show in Louisville, Ky., Dec. 3-5, 1991, suggests that 1992 will be a significantly better year for the RV industry.

Here are some survey highlights:

- Fifty-four dealers described their business profits at the time of the Louisville Show as "better" than three years earlier, and an additional six dealers characterized their business as "much better."
- When it came to projecting 1992 dollar sales, 32 dealers believed that dollar volume would be 1% to 10% higher than in 1991. Another 23 dealers predicted that sales would be 11% to 24% higher, and 13 more said they expected sales to increase from 25% to 49%.
- Asked about inventory levels at year-end, 36 dealers described their inventories as "low," while 44 said inventory levels were "medium." Only 19 called their inventories "high."

Several dealers even found the silver lining in 1991's recessionary cloud: They said they are confident about 1992 because the recession put many of their competitors out of business, leaving them with larger shares of their hometown markets.

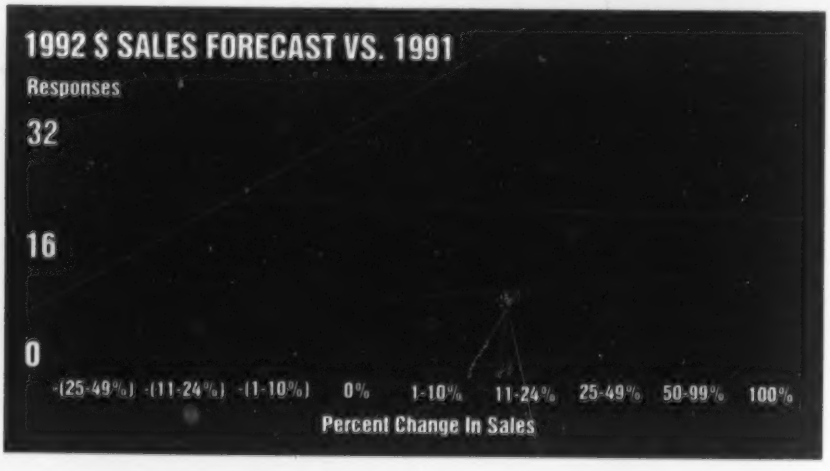
Many also said they believe that the attractive 1992 models being introduced at the Louisville Show will draw customers to their lots. "The new products, better prices and designs will get the 1985- and 1986-model buyers to trade in," asserted Jim Lawson of Holiday World, Houston, Texas.

In general, dealers were very upbeat about 1992 prospects. "This year will be awesome," declared Ken Kruh of Al's Trailer Mart Inc., Grand Rapids, Mich. "We were extremely busy in September and October 1991. We're going up, up and up."

"The bad times have passed," agreed Lionel Goulet of Camping In Style, Norland, Ontario. "Manufacturers have seen the light and lowered their prices, so we can pass that savings on."

Ron Kitsmiller of Kitsmiller Sales, Lansing, Mich., said he believes 1992 will be the beginning of an extended period of prosperity for the industry. "I'd like to think it (total RV-industry sales volume) will be up 25% in '92, with steady growth after that," he said.

"I'm optimistic," chimed in Marion Webb of Coach & Campers of Atlanta, Tucker, Ga.




**RV dealers surveyed for this informal profile and projection of inventory and revenue levels are from across the United States as well as from Canada. Michigan, providing 12% of respondents, is most heavily represented, followed by Wisconsin (6%), New York and Ontario (each with 5%). The North Central area, as a whole, was represented by approximately 40% of dealers interviewed, South Central states by 14%, the Northeast by 12% and Canada by 15%.**

> "It can only get better. And it will be outstanding once the economy gets turned around because interest rates are low, and the product is outstanding."

"As long as gas is available, people will travel." He added that Coach & Campers had seen "a tremendous increase in diesel sales" in the past year, and he believes that the emerging trend to diesel-powered motorhomes will continue to grow.

Some dealers said they are counting on aftermarket service and RV rentals to compensate for any continued weakness in '92 new-unit sales. "Rentals will go way up," predicted Bud Stolle of Spence's Camper Sales, Stonington, Conn. "You have to sell camping, and you rent to sell."

Other dealers were more cautious about 1992, arguing that general economic conditions will have to improve before the RV business will get appreciably better. Yet Ron Barrows of Blaine Winnebago, Blaine, Minn., was quick to add, "It can only get better. And it will be outstanding once the economy gets turned around because interest rates are low, and the product is outstanding."

Dealers in the Northeast tended to be among the more conservative, reflecting the tougher economic times there. "1992 and 1993 (sales) will be level with 1991; significant increases won't occur until late '93 or '94," opined Ron Stoddard, co-owner of J&M Camper Sales, Augusta, Maine.

But dealers in other parts of the country said they have been relatively unaffected by the recession. RV sales in 1992 "will be good in my area because we deal with a lot of retirees, and their incomes are fixed," explained Bob Marshall of Marshall's RV Center, Kemp, Texas. "And low interest rates (affecting retirees' incomes) haven't hurt sales as I expected. People still will travel."

Overall, the nonscientific RVB survey included dealers from 36 states and six Canadian provinces. Michigan was the home state of the largest number of dealers questioned at 12. Wisconsin was represented by six dealers, and five of the dealers came from New York and Ontario each. Taking a look at product mix reported by dealers surveyed, just 23% of them said towables comprise 100% of their inventory, although a high proportion (79%) said towables comprise more than 55% of their inventory. Only 3% relied solely on sales of motorized units. Approximately 40% of dealers said used units make up one-third to one-half of their inventory, while over 50% reported a larger proportion. Δ *—Jeff Kurowski*

# Village RV Boosts Sales With Ambitious Road-Show Program

RV malls and well-organized road shows are familiar marketing tactics for California RV dealers, but one dealer, Village RV Inc., East Irvine, Calif., has expanded its road-show network to fill nearly every weekend.

Steve Austin, general manager of Village RV's East Irvine dealership, said he believes "Village is the first dealer out on its own at this level. No other dealer is chasing quite as hard."

Heading up Village RV are owners Bruce Cooper, president, and Ray Johns, vice president. Village RV opened in January 1989, with the road shows commencing in mid-1990. Village RV's main office is based in Traveland U.S.A., an East Irvine RV mall that houses approximately 50 dealers. Village also has branches in the California cities of Camarillo, Carson, Colton, Davis and Fairfield, and it plans future branches for Arizona and Southern California.

The Village RV road-show group consists of two primary show teams, one for Southern California and one for Northern California. Each team consists of two managers, two service employees, 12 salespeople, and 20 transportation department employees, with extra sales assistance for larger shows.

Average attendance at the small shows ranges from 300 to 500, and weekend attendance at the big shows can reach 2,500. The smaller shows, averaging four days in length, are generally based in warehouses or mall parking lots. "We try to be at a mall at least three weekends per month," Austin said. Larger shows, averaging nine days including two weekends, are usually held in stadiums, and take place monthly throughout California. They often feature 10 other dealers. Most of Village RV's road shows are confined to California, but Austin said the dealership "sometimes goes as far as Utah."

As a result of its show efforts, Austin said that show sales can exceed local store sales in some months. Placing Village RV as the top California dealer for motorized RVs, Austin concluded that the "road crew brought us to there." Δ *—Coleen Perez*